

# Summer School and Jobs Credit

## General Instructions

For assistance, please contact one of the Taxpayer Information and Assistance help numbers:

Phoenix .....(602) 255-3381  
 Tucson .....(520) 628-6421  
 Other Arizona areas .....1-800-352-4090  
 Form orders .....(602) 542-4260  
 Forms by FAX .....(602) 542-3756  
 Recorded Tax Information  
     Phoenix .....(602) 542-1991  
     Other Arizona areas .....1-800-845-8192  
 Hearing impaired TDD user  
     Phoenix .....(602) 542-4021  
     Other Arizona areas .....1-800-397-0256  
 Internet .....<http://www.state.az.us/revenue>

Arizona statutes provide a tax credit in 1996 for employers participating in a program in which students in grades twelve and under can attend summer school half days and work for private employers the other half day.

For taxable years beginning from and after December 31, 1995, through December 31, 1996, a credit is allowed for qualifying employers against the taxes imposed on individuals and corporations. The credit is based on the amount of wages paid by the employer to students who are enrolled in the summer school and jobs program established by the Department of Economic Security. The maximum allowable credit equals half of the wage paid to the student up to a maximum of three dollars per hour, with a maximum of twenty hours of work per week.

Any deduction for wages allowed by the Internal Revenue Code shall be reduced by the amount of any credit taken.

## To qualify for the credit:

1. The employer must be certified by the Department of Economic Security as employing one or more enrolled students.
2. The wages must be paid to the student on or before September 1, 1996.
3. The student must remain in summer school for the entire session.

Co-owners of a business, including

partners in a partnership and shareholders of an S corporation, may each claim only the pro rata share of the allowable credit based on the ownership interest. The total of the credits allowed all owners may not exceed the amount that would have been allowed for a sole owner of the business.

## Line-by-Line Instructions

Complete the name and taxpayer identification number section at the top of the form. Fiscal year basis taxpayers must indicate the period covered by the taxable year. Attach the completed form to the tax return.

All returns, statements, and other documents filed with the Department of Revenue require a taxpayer identification number (TIN). The TIN is either a correct social security number or, for a business, the federal employer identification number. Paid tax preparers must also include their TIN on forms where requested. Taxpayers and paid preparers failing to include the proper TIN may be subject to a penalty. Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or unclear identification numbers may cause delays in processing the returns.

## Part I - Schedule of Eligible Students and Allowable Credit Amounts

**NOTE:** Before completing Part I, you must complete a Schedule 317A, Total Allowable Credit, for each eligible student.

Enter the requested information relating to each eligible student. In column (c), enter the amount of allowable credit for each eligible student from Schedule 317A.

### Line 1 -

In column (c), enter the total allowable credit for all eligible students. Add the amounts in column (c) and enter the total.

## Part II - S Corporations Only - Special S Corporation Election and Shareholder's Share of the Credit

### Line 2 - S Corporation Election

Line 2 must be completed by an S corporation. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. The election statement must be signed by one of the officers of the S corporation who is also a signatory to the Arizona Form 120S.

### Lines 3 through 5 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 3 through 5.

An S corporation must complete Part I. Then, complete Part II, lines 3 through 5, separately for each shareholder. The S corporation must furnish each shareholder with a copy of the completed Form 317.

If the S corporation passes the credit through to its shareholders, it must notify each shareholder of the shareholder's pro rata share of the adjustment to income required by the disallowance of the deduction for wages for which the credit is claimed.

Each shareholder must complete Part IV.

## Part III - Partnerships Only - Partner's Share of Credit

### Lines 6 through 8 -

A partnership must complete Part I. Then, complete Part III, lines 6 through 8, separately for each partner. The partnership must furnish each partner with a copy of the completed Form 317.

Each partner must complete Part IV.

## Part IV - Total Available Credit

### Line 9 -

Individuals and corporations (including S corporations that elected to claim the

credit), enter the amount from Part I, line 1. S corporation shareholders, enter the amount from Part II, line 5. Partners of a partnership, enter the amount from Part III, line 8.

Enter the total available credit here and on Form 300, Part I, line 13 or Form 301, Part I, line 13.

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### **Schedule 317A - Total Allowable Credit**

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#### **For Individuals or Corporations Claiming the Summer School and Jobs Credit**

Complete the name and taxpayer identification number section at the top

of the form. This form must be completed and attached to your Form 317. One schedule must be completed for each student for whom the credit is being claimed.

Enter the name and social security number of the student for whom the credit is being claimed.

#### **Column (a) -**

Enter the week ending date for which the student was paid.

#### **Column (b) -**

Enter the total hours worked by the student for that week. If the student worked more than 20 hours enter 20.

#### **Column (c) -**

Enter the hourly wage paid.

#### **Column (d) -**

Enter one half of column (c), not to exceed the maximum of three dollars per hour.

#### **Column (e) -**

Multiply column (b) by column (d) and enter the result.

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### **Total Allowable Credit**

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Add the amounts in column (e). Enter the total here and on Arizona Form 317, Part I.